

Message Text

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PAGE 01 TANANA 00358 200711Z

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SUBJ: MALAGASY GOVERNMENT BUYS AGM ABATTOIR IN AUCTION SALE

REF: TANANARIVE 0204

BEGIN SUMMARY: AS SOLE BIDDER AT MARCH 19 AUCTION SALE, MALAGASY GOVERNMENT (GOMR) PURCHASED AGM ABATTOIR FOR FLOOR PRICE OF \$1.66 MILLION. JUDGE TURNED DOWN REQUEST BY REPPAS AND BACOPOULOS WHO ASKED POSTPONEMENT OF SALE TO ALLOW TIME TO WORK OUT LEASE ARRANGEMENT FOR OPERATION OF ABATTOIR. END SUMMARY.

1. EMBASSY OFFICER ATTENDED MARCH 19 AUCTION SALE OF AGM PROPERTIES WHICH WAS PRESIDED OVER BY CIVIL COURT JUDGE. ONLY BUYER TO APPEAR WAS MALAGASY OFFICIAL REPRESENTING GOMR WHO OFFERED AND OBTAINED PURCHASE OF ABATTOIR FOR AUCTION FLOOR PRICE OF 400,000,000 FMG (ABOUT \$1.6 MILLION). THERE WERE NO BIDDERS FOR SEVERAL HOUSES OWNED BY AGM WHICH WERE AUCTIONED SEPARATELY AT FLOOR PRICE OF 50,000,000 FMG (ABOUT \$208.000). ACCORDING TO AGM BANKRUPTCY TRUSTEE RAMAHOLIMIHASO, ANOTHER AUCTION SALE WILL HAVE TO BE ARRANGED FOR THESE LATTER PROPERTIES WITH LOWER FLOOR PRICE.

2. PRESENT AT SALE WERE BACOPOULOS, REPPAS, AND REPPAS' LAWYER LEBEL WHO TOGETHER ATTEMPTED TO GET JUDGE TO POSTPONE SALE OF ABATTOIR TO PROVIDE TIME TO WORK OUT LEASING ARRANGEMENT WITH TRUSTEE. REPPAS PROVIDED JUDGE WITH LETTER HE HAD WRITTEN TO TRUSTEE ON MARCH 7, 1974 WHICH OUTLINED PLAN FOR 10-YEAR LEASE
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PAGE 02 TANANA 00358 200711Z

OF ABATTOIR FOR \$7.9 MILLION. UNDER REPPAS' PLAN, LESSEE WOULD BE

GROUP COMPOSED OF MANY AMERICAN CREDITORS AND INVESTORS HOLDING TOTAL OF \$2.9 MILLION OF CLAIMS AGAINST AGM. IN RESPONSE TO QUESTIONING BY JUDGE, TRUSTEE RAMAHOLIMIHASO CONFIRMED THAT SHE HAD RECEIVED LEASING PROPOSAL FROM REPPAS ON MARCH 7 BUT THAT THERE HAD NOT BEEN SUFFICIENT TIME TO COMPLETE STUDY AND THAT, THEREFORE, IT HAD BEEN NECESSARY TO PROCEED WITH PREVIOUSLY SCHEDULED AUCTION. IN HIS RULING JUDGE MADE NOTE OF REQUEST FOR POSTPONEMENT BUT ORDERED SALE TO TAKE PLACE IN ACCORDANCE WITH PROVISIONS OF AUCTION DOCUMENTS (CAHIER DES CHARGES).

3. IN TALK WITH EMBOFF PRIOR TO AUCTION, REPPAS SEEMED FAIRLY RESIGNED TO EVENTUALITY OF MALAGASY GOVERNMENT PURCHASING ABATTOIR AND STATED, "IF I CAN GET OUT OF HERE, WE'LL JUST HAVE TO FORGET ABOUT OUR INVESTMENTS."

(ARTICLE WHICH APPEARED IN MARCH 19 MADAGASCAR MATIN PRIOR TO SALE HAD QUOTED INFORMED SOURCES AS HAVING SAID GOVERNMENT WOULD BE ONLY BIDDER.) FOLLOWING SALE, REPPAS APPEARED DISAPPOINTED BUT BY NO MEANS UPSET. HE SAID SALE WOULD MEAN GOVERNMENT WOULD BE TAKING MONEY OUT OF ONE POCKET AND PUTTING IT INTO ANOTHER. NOTHING, HE SAID, WILL BE LEFT OVER FOR AMERICAN CREDITORS.

4. FURTHER INFORMATION BEING TRANSMITTED BY SEPARATE TELEGRAM.
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